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Citrus

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Report Highlights: Total Italian citrus production for the 2000/01 marketing year is forecast to reach only 2.9 million tons, down 13% to the previous year because of a severe drought last summer. Orange production is expected to decline an estimated 20% while production for tangerines will decline around 10%. Italian citrus exports in 1999/00 increased significantly from the previous marketing year due to the larger domestic output, but should fall again in 2000/01 due to the smaller crop. Italian exports of orange juice increased in 1999 and are forecast to further increase in 2000 and 2001.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
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SITUATION AND OUTLOOK

According to the Mediterranean Citrus Committee (CLAM), total Italian citrus production for the 2000/01 marketing year is forecast to reach only 2.9 million tons compared to production levels of 3.3 million tons in 1999/00 which was considered an average year.

The breakdown of production is as follows:

	1,000 Tons
Oranges	1595
Lemons	643
Mandarins	145
Clementines	442
Grapefruits and other citrus	80

The decline in production for 2000/01 is forecast for all citrus except lemons and grapefruit because of a severe drought that affected citrus crops last summer. Orange production is expected to decline an estimated 20% while production of tangerines will decline around 10%. Production of lemons, however, should increase by about 10% because they are harvested throughout the year and so where not affected by the limited period of drought conditions.

The increase in grapefruit output is due to increased planted area as orange and lemon producers, especially in the Calabria region in southern Italy, replaced some of their "blonde" oranges with grapefruit, which has better market potential. Most of the newly planted grapefruit are pink grapefruit varieties in order to meet consumer demand for sweeter grapefruit.

The market prospects for Italian oranges have declined over the last several years due mainly to strong competition in the European market from Spain, and marketing inefficiencies. Italian citrus producers have been unable to set up a marketing organization that is efficient enough to satisfy the needs of the large distribution companies both in Italy and in Northern and Eastern Europe. Italy has had some success marketing its Tarocco variety, a blood orange with red pulp that is unique to southern Italy and Sicily, as a specialty item. However, the Tarocco is only harvested from December to March so the Italian traders are unable to supply their customers during the full marketing season and they have not been able to capitalize on its uniqueness to build a strong seasonal demand.

Tangerine planted area has remained stable but some growers are switching from mandarin oranges to clementines which consumers prefer because they are seedless. However, this situation may also deteriorate in the future as Spanish production has recently begun competing heavily with Italian clementines in the European market.

The availability of oranges for orange juice production is linked to fresh orange consumption, since citrus that is delivered to processors consists mainly of fruit that is in excess, or not of high enough quality, for the fresh market. However, non-concentrated orange juice production is expanding in Italy due to a growing consumer demand, especially for non-concentrated fresh orange juice, which is considered to be a healthier, and higher quality product. The demand for this type of juice, which is produced almost exclusively with domestically produced oranges, may lead to more fruit produced specifically for the juice sector.

In Italy, citrus consumption is very dependent on availability and price with consumers willing to substitute other fruits based on price and a wish for variety. Consumption for 2000/01 is generally set to decline because of the lower production levels, especially for oranges (consumption data provided in the PSDs include withdrawals). Because of the a lack of markets, growers have turned to the withdrawal system resulting in high withdrawal levels in 1999/00 reaching 40,577 tons of oranges, 1,264 tons of mandarins and 27,684 tons of clementines. In addition, 23,000 tons of various types of citrus were purchased by Italian government for humanitarian programs in order to help support the Italian citrus sector.

The market situation for grapefruit differs, however, because of a stronger demand relative to availability. Consumption has remained stable with imported fruit, mainly from southern hemisphere countries, being sold at very low prices. Despite the low cost of imported fruit, demand for the domestic grapefruit is growing since it is predominantly pink, which is preferred to the white grapefruit, which is usually imported. In 1999/00, imported white grapefruit sold in supermarkets for less than 1 U.S.$/kg, which is less than domestically produced oranges. Pink grapefruit are sold for about 30 % more than white grapefruit.

Italian citrus exports in 1999/00 increased significantly from the previous marketing year due to the larger domestic output. For 2000/01, there is expected to be a large reduction in exports of oranges due to the poor production levels. Lemon imports declined in 1999/00 and are forecast to decline in 2000/01 proportionally to the growing domestic output. Despite the fact that domestic production has remained fairly stable, imports are increasing with Spain providing good quality tangerines that are less expensive than the domestic fruit.

Italian grapefruit imports continue to decline due to a growing domestic output and a stable demand. Israel remains the major supplier of grapefruit to Italy while imports from the U.S. dropped to 20 tons in 1999 due to the high value of dollar. However, it is believed that small quantities of U.S. grapefruit are transhipped through other EU ports and thus do not show up on trade statistics.

Italian exports of orange juice increased in 1999 and are forecast to further increase in 2000 and 2001. As a result of the EU citrus regime implemented in 1996, the Italian citrus processing sector has become more competitive. Deficiencies in domestic supply when local citrus production is poor, such as in 1998/99 and 2000/01, are compensated for by large stocks and increased orange juice imports.

POLICY

In a review of the 1996 reform of the citrus processing regime, the general consensus is that it favored processors more than growers. Italian Farmer Organizations, Italian Cooperative Organizations and Processor Associations all were in favor of the reform initially but now feel that it was poorly implemented through an extremely complicated and inflexible regulation. In addition, citrus producers were negatively affected by a reduction in subsidies (i.e. in 2000/01 subsidies will decline by 30% due to 1999/00 overproduction) and a reduction in the purchase price, due to the increased contracting power of processors who no longer have to provide a minimum growers price. For 2000/01, Italian citrus growers will get about $10.00/100kg for processing oranges or about 8 EUROS/100kg as an EU subsidy, and about 4 EUROS/100kg from processors.

Despite the lower cost of fruit to the processors resulting from the changes, the Italian citrus juice industry still suffers from competition from Brazilian concentrated juice. There are about 120 processing plants but the numbers continue to decline with many small plants that produced non-concentrated juice for large juice processing companies having closed. Large companies have fared better because they also produce niche juice products such as an acid blonde orange juice suitable for soda beverages, and non-concentrated pasturized blood and blonde orange juice.

Under ongoing discussions about a reform of the European Union fruit and vegetable regime is included a proposed increase in the EU citrus processing limits as follows:

Orange from 1,189,000 tons to 1,307,000 tons
Lemons from 444,000 tons to 488,000 tons
Tangerines from 320,000 tons to 352,000 tons

The Commission also proposed to set national limits in order to reduce subsidies only in member states where processed citrus exceed limits. If adopted, the new limits would be of benefit to Italian growers.

PSD TABLES

ORANGES

PSD Table						
Country	Italy					
Commodity	Fresh Oranges				(HECTARES)(1000 TREES)(1000 MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		11/1998		11/1999		11/2000
Area Planted	112000	112000	111000	111000	0	110000
Area Harvested	109000	109000	108000	108000	0	107000
Bearing Trees	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0
TOTAL No. Of Trees	0	0	0	0	0	0
Production	1422	1422	1900	1993	0	1595
Imports	85	85	110	57	0	80
TOTAL SUPPLY	1507	1507	2010	2050	0	1675
Exports	80	80	100	135	0	100
Fresh Dom. Consumption	966	966	1310	1039	0	875
Processing	461	461	600	876	0	700
TOTAL DISTRIBUTION	1507	1507	2010	2050	0	1675

ORANGE JUICE

PSD Table						
Country	Italy				Degrees Brix	
Commodity	Juice, Orange				(MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Deliv. To Processors	461	461	600	876	0	700
Beginning Stocks	19801	184	9387	79	3520	126
Production	24934	150	30801	260	0	170
Imports	4987	80	4400	135	0	180
TOTAL SUPPLY	49722	414	44588	474	3520	476
Exports	16867	170	16867	180	0	190
Domestic Consumption	23468	165	24201	168	0	170
Ending Stocks	9387	79	3520	126	0	116
TOTAL DISTRIBUTION	49722	414	44588	474	0	476

LEMON

PSD Table						
Country	Italy					
Commodity	Fresh Lemons				(HECTARES)(1000 TREES)(1000 MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		10/1998		10/1999		10/2000
Area Planted	36000	36000	36000	36000	0	35000
Area Harvested	36000	36000	36000	36000	0	35000
Bearing Trees	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0
TOTAL No. Of Trees	0	0	0	0	0	0
Production	506	506	590	582	0	643
Imports	45	45	50	39	0	35
TOTAL SUPPLY	551	551	640	621	0	678
Exports	16	16	20	33	0	30
Fresh Dom. Consumption	227	227	300	208	0	228
Processing	308	308	320	380	0	420
TOTAL DISTRIBUTION	551	551	640	621	0	678

TANGERINES

PSD Table						
Country	Italy					
Commodity	Fresh Tangerines				(HECTARES)(1000 TREES)(1000 MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		11/1998		11/1999		11/2000
Area Planted	34000	34000	35000	35000	0	35000
Area Harvested	33000	33000	34000	34000	0	34000
Bearing Trees	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0
TOTAL No. Of Trees	0	0	0	0	0	0
Production	443	443	520	637	0	587
Imports	66	66	70	72	0	80
TOTAL SUPPLY	509	509	590	709	0	667
Exports	28	28	50	67	0	59
Fresh Dom. Consumption	398	398	450	477	0	453
Processing	83	83	90	165	0	155
TOTAL DISTRIBUTION	509	509	590	709	0	667

GRAPEFRUIT

PSD Table						
Country	Italy					
Commodity	Fresh Grapefruit				(HECTARES)(1000 TREES)(1000 MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		06/1998		06/1999		06/2000
Area Planted	150	350	150	700	0	1400
Area Harvested	140	280	140	500	0	1000
Bearing Trees	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0
TOTAL No. Of Trees	0	0	0	0	0	0
Production	2	6	2	12	0	20
Imports	36	34	40	28	0	24
TOTAL SUPPLY	38	40	42	40	0	44
Exports	3	3	2	3	0	5
Fresh Dom. Consumption	33	35	38	35	0	35
Processing	2	2	2	2	0	4
TOTAL DISTRIBUTION	38	40	42	40	0	44

TRADE MATRIXES

FRESH ORANGES

Exports

Export Trade Matrix			
Country	Italy		
Commodity	Fresh Oranges		
Time period		Units:	Tons
Exports for:	1998		1999
U.S.	87	U.S.	341
Others		Others	
Germany	26999	Germany	41643
Belgium	1072	Belgium	3907
France	2391	France	2600
Sweden	2796	Sweden	3455
Austria	12907	Austria	28955
U.K.	2099	U.K.	2442
Other EU	15253		
Switzerland	15253	Switzerland	21040
Total for Others	78770		104042
Others not Listed	773		30800
Grand Total	79630		135183

Imports

Import Trade Matrix			
Country	Italy		
Commodity	Fresh Oranges		
Time period		Units:	Tons
Imports for:	1998		1999
U.S.		U.S.	
Others		Others	
Netherlands	2764	Netherlands	6070
France	5509	France	2583
Spain	70929	Spain	44035
Germany	2717	Germany	777
Greece	2609	Greece	159
Other Eu	171	South Africa	1057
Total for Others	84699		54681
Others not Listed	268		2340
Grand Total	84967		57021

ORANGE JUICE

Exports

Export Trade Matrix			
Country	Italy		
Commodity	Juice, Orange		
Time period		Units:	tons
Exports for:	1998		1999
U.S.	2200	U.S.	3200
Others		Others	
Germany	25000	Germany	40000
Netherlands	36000	Netherlands	23000
Belgium	16000	Belgium	28000
Other EU	21000	France	34000
Total for Others	18000		125000
Others not Listed	5642		41800
Grand Total	115000		170000

Imports

Import Trade Matrix			
Country	Italy		
Commodity	Juice, Orange		
Time period		Units:	Tons
Imports for:	1998		1999
U.S.	84	U.S.	140
Others		Others	
Germany	8536	Germany	18000
Netherlands	14767	Netherlands	24500
Austria	5457	Austria	15000
Other EU	4477	Spain	5000
		Belgium	8600
		Switzerland	7000
Total for Others	33317		68367
Others not Listed	1043		11493
Grand Total	34360		80000